

Message Text

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DRAFTED BY PM/SAS: ASKOCHANNEK:LD

APPROVED BY PM/SAS: MR. WINSHIP

EUR/WE - MR. BEIGEL

L/PM - MR. MICHEL (SUB)

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R 191416Z OCT 76

FM SECSTATE WASHDC

TO AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: MASS, IT

SUBJECT: NEGOTIATION OF THIRD COUNTRY TRANSFER ASSURANCES
FOR JET ENGINE AGREEMENT

1. PRATT AND WHITNEY AIRCRAFT DIVISION OF UNITED TECHNOLOGIES HAS REQUESTED USG TO APPROVE A TECHNICAL ASSISTANCE AGREEMENT INCLUDING EXPORT OF TECHNICAL DATA ON US MUNITIONS LIST. COLLABORATION AGREEMENT IS FOR DESIGN AND DEVELOPMENT OF A JET AIRCRAFT ENGINE (DESIGNATED JT-10D) ENTERED INTO BY P & W, ROLLS ROYCE OF THE UK, MOTOREN-UND TURBINEN UNION (MTU) OF GERMANY AND FIAT OF ITALY. FIAT SHARE IN CONSORTIUM IS 2 PERCENT.

2. US HAS APPROVED PROJECT ON CONDITION THAT STEPS BE TAKEN TO INSURE THAT ADVANCED US TECHNOLOGY INVOLVED WILL NOT BE TRANSFERRED TO ANY NON-CONSORTIUM COUNTRY OR PERSON AND THAT ASSURANCES AGAINST SUCH TRANSFER BE OBTAINED FROM THE GOVERNMENTS OF ALL JT-10D PARTNERS.

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3. THE FOLLOWING IS TEXT OF DRAFT NOTE TO GOI REQUESTING
THESE ASSURANCES:

BEGIN QUOTE: "I HAVE THE HONOR TO REFER TO RECENT DISCUSSIONS BETWEEN REPRESENTATIVES OF THE GOVERNMENT OF THE

UNITED STATES AND THE GOVERNMENT OF ITALY CONCERNING COMMERCIAL ARRANGEMENTS WITH RESPECT TO THE DESIGN AND DEVELOPMENT OF A JET AIRCRAFT ENGINE DESIGNATED THE "JT-10D" ENTERED INTO BY THE PRATT & WHITNEY AIRCRAFT GROUP, COMMERCIAL PRODUCTS DIVISION, UNITED TECHNOLOGIES, INC., A UNITED STATES FIRM; ROLLS ROYCE, LTD., A BRITISH FIRM; MOTOREN-UND-TURBINEN UNION, A GERMAN FIRM; AND FIAT, AN ITALIAN FIRM.

UNDER THE AFOREMENTIONED COMMERCIAL ARRANGEMENTS, THE UNITED STATES FIRM HAS AGREED, SUBJECT TO APPROVAL BY THE UNITED STATES GOVERNMENT, TO MAKE AVAILABLE TO THE ITALIAN FIRM CERTAIN ADVANCED TECHNICAL DATA RELATING TO AIRCRAFT ENGINE DESIGN AND MANUFACTURE. THE UNITED STATES GOVERNMENT DESIRES TO FACILITATE THIS COOPERATIVE ENDEAVOR BY GRANTING THE NECESSARY APPROVAL, SO LONG AS THE INFORMATION TO BE TRANSFERRED WILL BE ADEQUATELY SAFEGUARDED AGAINST DISCLOSURE TO THIRD PARTIES OR USES OTHER THAN THOSE SPECIFIED IN THE COLLABORATION AGREEMENT ENTERED INTO BY THE UNITED STATES, BRITISH, GERMAN, AND ITALIAN FIRMS. THE UNITED STATES FIRM HAS BEEN ADVISED THAT EXPORT FROM THE UNITED STATES OF TECHNICAL DATA UNDER THE COLLABORATION AGREEMENT IS AUTHORIZED SUBJECT TO SEVERAL CONDITIONS PRECEDENT, ONE OF WHICH IS THE CONCLUSION OF "A SATISFACTORY AGREEMENT WITH THE GOVERNMENTS OF THE JT-10D PARTNERS CONSTRAINING ALL PARTIES FROM DIVULGING ANY TECHNICAL INFORMATION ON JT-10D DESIGN AND MANUFACTURING TECHNOLOGY TO THIRD PARTIES."

ACCORDINGLY, I HAVE THE HONOR TO REQUEST THAT THE GOVERNMENT OF ITALY FURNISH TO THE UNITED STATES GOVERNMENT ITS FIRM ASSURANCES THAT IT WILL NOT DISCLOSE OR PERMIT THE DISCLOSURE OF ANY INFORMATION SUBJECT TO UNITED STATES MUNITIONS EXPORT CONTROLS MADE AVAILABLE TO THE ITALIAN FIRM BY THE UNITED STATES FIRM PURSUANT LIMITED OFFICIAL USE
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TO THE JT-10D COLLABORATION AGREEMENT, INCLUDING TECHNOLOGY DEVELOPED IN THE IMPLEMENTATION OF THAT AGREEMENT, TO ANY THIRD COUNTRY OR TO A NATIONAL OF A THIRD COUNTRY, AND, FURTHER, THAT IT WILL TAKE ALL PRACTICABLE MEASURES TO PREVENT THAT INFORMATION FROM BEING SO DISCLOSED. THE FOREGOING ASSURANCES WOULD NOT APPLY TO TRANSFERS TO THE GERMAN AND BRITISH PARTNERS, IN ACCORDANCE WITH THE COLLABORATION AGREEMENT, OF TECHNICAL INFORMATION NOT RELATING TO THE ENGINE CORE AND NECESSARY FOR THEM TO PERFORM THEIR RESPECTIVE ROLES UNDER THAT AGREEMENT.

IF THESE ASSURANCES ARE ACCEPTABLE TO THE GOVERNMENT OF ITALY, I HAVE THE FURTHER HONOR TO REQUEST THAT THE GOVERNMENT OF ITALY UNDERTAKE PROMPTLY TO ADVISE THE

UNITED STATES GOVERNMENT SHOULD ANY UNAUTHORIZED DISCLOSURE OCCUR.

COMPARABLE ASSURANCES HAVE BEEN REQUESTED BY THE UNITED STATES GOVERNMENT FROM THE GOVERNMENTS OF THE GERMAN AND BRITISH PARTNERS TO THE JT-10D COLLABORATION AGREEMENT WITH RESPECT TO THE TECHNICAL INFORMATION TO BE MADE AVAILABLE TO THOSE PARTNERS. UPON RECEIPT OF THE REQUESTED ASSURANCES FROM ALL OF THE CONCERNED GOVERNMENTS, THE UNITED STATES GOVERNMENT WILL INFORM THE UNITED STATES FIRM THAT THE CONDITIONS IMPOSED UPON OUR APPROVAL OF THE PROPOSED EXPORT HAVE BEEN FULFILLED, AND THAT IMPLEMENTATION OF THE CONTRACT, THEREFORE, MAY COMMENCE.

ACCEPT, EXCELLENCY, THE RENEWED ASSURANCES OF MY HIGHEST CONSIDERATION." END QUOTE.

4. ACTION REQUIRED: EMBASSY IS INSTRUCTED TO PRESENT DRAFT USG NOTE TO GOI. WE HOPE GOI WILL BE ABLE TO ACCEPT TEXT AS PROPOSED AND WILL PROVIDE ASSURANCES AS SOON AS POSSIBLE. INSTRUCTIONS SHOULD BE REQUESTED IF THE GOI PROPOSES ANY CHANGES TO PROPOSED USG TEXT. IN VIEW OF HIGH LEVEL ATTENTION THIS MATTER AND FACT THAT AGREEMENT CANNOT ENTER INTO FORCE UNTIL REQUIRED GOVERNMENT ASSURANCES OBTAINED, EMBASSY REQUESTED SEEK APPROVAL US TEXT ASAP AND PROVIDE STATUS REPORT BY OCTOBER 26.
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Message Attributes

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